



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

April 13, 2005

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Office

**REQUEST BY SUPERVISOR ANTONOVICH FOR A REPORT ON INTENDED USE
OF UTILITY TAX REVENUE**

On March 15, 2005, Supervisor Antonovich requested that my office prepare a report on whether the intended use of the Utility Tax revenue was for mental health services.

The result of our research finds that on November 27, 1990 your Board approved an increase in the Transient Occupancy Tax from ten percent (10%) to twelve percent (12%), and imposed a five percent (5%) tax on the consumption of electrical and gas utilities. Subsequently, on December 4, 1990 your Board approved a two percent (2%) tax on the receipts from amusement park ticket sales, and imposed a five percent (5%) tax on telephone services. These taxes are considered general purpose taxes which are unearmarked general fund revenues, imposed on the unincorporated area of the County of Los Angeles.

On December 4, 1990, as a policy decision, your Board authorized \$23.85 million in additional County funds to offset the Department of Mental Health's (DMH) budgetary shortfall for Fiscal Year 1990-91. Specifically, the sources for the \$23.85 million in County overmatch funds were approved as follows:

\$14.30 million	Utility User Tax
\$ 0.30 million	Transient Occupancy Tax
\$ 4.00 million	Amusement Park Tax
\$ 1.25 million	Funds from each Supervisorial District
\$ 4.00 million	County "Belt Tightening" Measures

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In the face of an economic downturn and shrinking governmental resources, your Board was faced with difficult policy alternatives as it was anticipated that a variety of departments, in the absence of new revenues, would experience budget problems. In the end, your Boards' adoption to provide \$23.85 million in County overmatching funds to offset the DMH budgetary shortfall for Fiscal Year 1990-91 allowed time for State and local policy makers to deal with the long-term mental health issue in a more constructive fashion.

The implementation of a Utility User Tax was one of a number of budgetary actions implemented by your Board for resolving the mental health funding deficit projected in Fiscal Year 1990-91. In reviewing the 1991-92 Proposed Budget for the Department of Mental Health, the \$23.85 million was described as "one-time only County overmatch" (Attachment I) and was not continued for Fiscal Year 1991-92. Although the mental health funding issue may have initiated discussions for enacting the Utility User Tax, it does not appear that the tax was an ongoing source of funding for mental health services.

If you have any questions or need additional information, please call me or your staff can call Rene Phillips of my staff at 974-1791.

DEJ:DL
GP:RP:kd

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 Director, Department of Mental Health

Mental Health (contd)**MISSION**

The Department of Mental Health provides care and treatment to mentally disordered individuals. The Department coordinates and develops mental health services through a community-based planning process. Primary services include inpatient care, outpatient services (including crisis intervention/emergency response), day treatment programs and case management provided through County-operated mental health clinics and hospitals, State hospitals, and private contract providers.

The Director of Mental Health serves as ex officio Public Guardian, acting as conservator for persons gravely disabled by mental illness and, as appointed by the court, for the frail elderly. The Director is also the County's Conservatorship Investigation Officer, in accordance with the Los Angeles County Mental Health Plan.

Budget Shortfall/Critical Unmet Needs - 1991-92

The 1991-92 proposed budget was developed in an effort to maintain mental health services at the 1990-91 level of service, and includes \$7.0 million in County overmatch funds. It should be noted that the 1990-91 adjusted allowance, \$27.4 million in net County cost, does not include the 1990-91 one-time-only County overmatch of \$23.85 million since this overmatch was allocated subsequent to the adoption of the 1990-91 County budget.

The Governor's 1991-92 proposed State Budget includes mental health revenue reductions in Proposition 99 Cigarette and Tobacco Tax rollover funds, and State hospital resources. It also includes the elimination of State Legalization Impact Assistance Grant (SLIAG) funds for mental health services. The Governor's Budget offers no provisions for workload increases or a cost-of-living adjustment (COLA) for mental health services while costs and workload continue to escalate. Therefore, without the use of additional revenue as described above, the Department would have to take curtailments of at least \$30.5 million.

In addition to the possible minimum annual reduction of \$30.5 million, the Department has identified \$4.3 million in critical unmet needs. These needs include jail mental health services in the amount of \$1.7 million, \$1.3 million for interagency case management services for children and youth, and \$1.3 million for contract monitoring.

Objectives - 1991-92

- To implement a system of care for the severely/chronically mentally ill by January 1, 1992, delineating the services to be offered by County operated programs to ensure an adequate service continuum.
- To provide mental health community resources consistent with community planning needs, the State Budget, and legislative changes, as well as financial constraints.
- To develop a plan that will define how the Department will increase the number of subacute beds through redirection of resources currently allocated for acute State hospital beds and beds in other acute facilities.

Major Accomplishments - 1990-91

- Focused the role of County operations on services consistent with a community support system model as articulated in the Department's Master Plan.
- Implemented a collaborative project with California State University, Long Beach, School of Social Work to provide supervised experience for students providing services to minority older adults in the Long Beach area.
- Received a \$6.0 million research award from the National Institute of Mental Health for the establishment of a Center for the Psychobiology of Ethnicity.